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THE CURRENT SITUATION IN THE EUROPEAN SATELLITES *

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1. Current developments in Eastern Europe indicate that the new Soviet leaders have approved a modification of certain programs in some, if not all, of the satellites. So far, new programs have been announced for East Germany and Hungary, while limited changes in existing programs have been announced for Czechoslovakia, Rumania, and Albania. Although there are currently no local indications that changes are contemplated for other countries, the trend of orbit affairs suggests that at least gestures will be made throughout the area.

2. These changes do not appear to reflect any weakening of the Soviet grip on this area. Both the Soviet control apparatus and the basic character and goals of the satellite regimes have been left untouched. The modifications do not appear as a defensive Soviet response to any "crisis situation" within the satellite area, although they were perhaps hastened by disturbances in East Germany. Instead they appear as a calculated effort, within the Marxist framework, to cope with long-standing problems that previous policies had failed to solve. The measures taken, in that they place stress on "moderation" and "reasonableness," are in keeping with the stance of the new Soviet leadership in both domestic and foreign affairs.

3. For at least the past 18 months most of the satellites have been subject to strains, arising particularly from shortages of food and consumer goods, labor apathy, peasant resistance, and other pressures related to the drive for forced industrialization and collectivization. Popular dislike of the regimes, always great, has probably increased, but there are no signs of its having suddenly become explosive, despite the flare-ups in Czechoslovakia and East Germany last month. Reports of popular outbreaks in Poland, and of strikes in Hungary and Rumania, remain unconfirmed and are probably untrue. No unusual security measures have been reliably reported, except in Czechoslovakia and East Germany. The satellite regimes appear generally as firmly in control as at any time in the past.

4. The changes in East Germany and Hungary have been both political and economic. Politically, some relaxation of pressures against non-Communist groups and institutions has been promised. Significantly, however, it has

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been stressed that these changes shall not involve toleration of any activities that could be dangerous to the regime. Economically, there has been promised (1) less emphasis on heavy industry and more on consumer goods; (2) some concessions to the private sectors of trade and manufacturing; and (3) a modification of collectivization and the drive against kulaks. In East Germany a slowing of the armaments drive was also promised.

5. The changes so far announced for the other satellites affected have dealt in piecemeal and limited fashion with specific problems: Czechoslovakia has suddenly interrupted an increasingly harsh labor policy by rescinding on July 6 a five-day old law providing stiffer penalties for absenteeism; Rumania has decreed an early increase in food supplies and has promised some modifications in its agricultural collection policies; Albania has cancelled arrears in past years' agricultural deliveries and has suggested the possibility of other concessions to the peasants. Neither Poland nor Bulgaria has as yet hinted of any similar changes.

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6. East Germany. Order appears generally to have been restored. The regime has made both political and economic concessions and has combined promises of a better life for the workers with punishment for all "provocateurs." Martial law has been reported lifted in some areas and is apparently being gradually liquidated throughout the Zone. However, despite reports of Soviet troop withdrawals from East Berlin, martial law on July 7 remained in effect there. Sector borders remain sealed to all except strictly controlled traffic, thus reducing the flow of refugees and of information. While popular resentment of the Soviet occupation and the Communist regime undoubtedly remain high, and the latter's dependence on Soviet force has been clearly demonstrated, the situation now appears relatively quiet and Soviet force adequate to maintain control. There is no firm evidence as yet of any impending major shakeup in the East German regime, or an indication to what extent recently announced reductions in the military KVP (Garrisoned People's Police) will actually be carried out.

7. Hungary. In a reorganization of both party (June 30) and government (July 3), Premier Rakosi was replaced in the government but remained principal member of both Party Politburo and Secretariat. In a major policy statement the new premier, Imre Nagy, promised political changes, to include abolition of internment camps, amnesty, resettlement of deportees, greater reliance on Parliament and tolerance toward religious activities. On the economic front he promised to abandon "unbridled industrialization" in favor of greater stress on consumer goods and agriculture and such industrial development as the country's resources dictated; a slowdown and back-tracking on agricultural collectivization; and a return of private enterprise in retail trade. There is no evidence that these changes were preceded by any popular disturbances.

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8. Czechoslovakia. The disturbances that followed the currency reform in early June appear to have been brought under complete control. There were no reliable indications of any demonstrations in response to the June 16-17 riots in East Germany, although special security measures were taken at that time. The Czech government on July 6 made its first concession to popular feeling when it revoked a five-day-old law providing for added penalties for violations of labor discipline. Previously it had maintained a consistently hard line against all opposition, including even hitherto favored elements of the labor force.

9. Poland. No significant changes have been noted in the Polish scene. The fulfillment of economic plans is being vigorously pursued, and in industry stricter control has recently been introduced in order to detect production lags as soon as they appear. Collectivization is being pushed, though at a slightly reduced tempo. No unusual unrest has been reliably reported.

10. Rumania. The Rumanian government has recently issued a decree calling for the release of additional food supplies. Earlier it promised some modifications in its agricultural collection policies, primarily affecting collective farms. Reports of disturbances in Rumania are wholly unconfirmed.

11. Bulgaria. There have been no recent signs of open unrest in Bulgaria, nor hints of possible modifications of economic policy or of reorganization of party or government. Relatively moderate emphasis on industrialization, together with the elimination of rationing and subsequent price reductions in 1952, as well as almost complete halting of collectivization in 1951, have made Bulgaria appear the least openly restive satellite.

12. Albania. The Council of Ministers on June 23 announced a decision cancelling peasants' debts for the years 1949-52 and providing for the re-examination of existing legislation dealing with agricultural collections. This appears to have been an attempt to appease the peasants and elicit their greater cooperation in the future. The decision represents a reversal of the government's decree of May 19 for regulation of the 1953 harvest, threshing, and collection campaign, which provided for compulsory collection from the peasantry of quotas not fulfilled in previous years.

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